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Surface Transportation Board
Office of the Secretary
Case Control Unit
STB Ex Parte No. 582
1925 K. Street NW
Washington, DC 20423-0001

Surface Transportation Board:

My company relies solely on rail transportation for the movement of our farmer patron's grain. Our annual volume will approach 20 million bushels this year.

We utilize the Union Pacific Railroad for most of our bushels, and we also have access to the BNSF via the Nobles Rock short line located in southwestern Minnesota.

Our access to the BNSF has not been as beneficial for us since the Burlington Northern's purchase of the Santa Fe. The benefits from that merger have not been realized by our company or accomplished by the BNSF as yet.

I support the S.T.B.'s decision to examine carefully the BNSF/CN proposed control application, including the effects it could have on the grain industry.

Our company has experienced the effects of the service disruptions caused by rail mergers over the past five years. This would include the merger of the Burlington Northern and Santa Fe. Shippers in the United States and Canada are still feeling the effects of the most recent changes in the east.

Any further major rail consolidation, like the one proposed by the BNSF/CN will undoubtably lead to more mergers and consolidation. History shows that virtually every major industry will react to the changing landscape in the market place to avoid losing competitive leverage. While there might be a time when additional mergers become appropriate another round of merger activity, will undoubtably once again force the railroads attention and energy away from the most important job of improving service to the current industry structure.

The most recent mergers of the Union Pacific and Southern Pacific, as well as the Burlington Northern and Santa Fe, virtually crippled our rail service. My company did not know if and when we would receive rail cars we had ordered and sorely needed. We also didn't know if we could financially survive the chaotic service.

While improvements in service are finally taking place, this has been a long expensive and resource consuming process for my company. The railroads do not need further disruptions and distractions in providing service right now.

With the huge stock piles of grain in storage on the farm, as well as in storage at the country elevators, any disruptions of service could cripple the critical timing of grain movement. This would not only put a huge financial burden on our nation's farmers, but grain shippers as well. We note, moreover, the Board needs to look carefully at the proposed operations of the entire BNSF/CN system, including within Canada, since the applicants' plans for Canada , especially with respect to grain car supply and train movements can have a significant impact within the U.S.

Merger implementation is obviously a multi year process. My company has worked through the disruption of rail service, that has followed previous mergers. The shipper community deserves and has earned a period of stability in the rail industry. Now is the time the railroads must concentrate on completing and delivering all the benefits we expected from the prior mergers that the S.T.B. has approved.

Railroad service has improved significantly in the early 1990's when the railroad management was not distracted by one merger proposal after another. This process was interrupted by the BNSF merger and those that followed. Until the BNSF/CN announcement, we were optimistic that the railroad industry was slowly beginning to look forward to at least several years during which railroads could again focus their attention on improving the existing network rather than changing again through merger.

More mergers and consolidation are unnecessary now. The rail industry has decreased to a half dozen large railroads. This new structure along with the advancement of technology offer the industry opportunity to improve their services without mergers.

The rail industry has made significant progress since deregulation. My company does not want to see, nor can we afford the return of more economic regulations for the railroads. That would definitely have a negative impact on the financial health of the industry.

Ultimately, railroads would reduce their investment in their infrastructure, abandon track, and reduce service. It would soon be evident that the remaining railroads would not be able to meet the demands for transportation service that they fill today. Yet the BNSF/CN merger and others that are likely to follow will lead to increased calls in Congress to re regulate the industry.

A further reduction in the number of large railroads serving North America will inevitably lead to a dramatic change in economic regulation of the industry. Shippers will demand changes to offset the effects of consolidations. "Open Access" is not the answer. The financial strength of the railroads would quickly deteriorate if the government adopted policies that cut railroad revenue, just as the airline industry would fail if government outlawed yield management in that industry. My company benefits from the differing prices that railroads offer their customers. "Open access" would eliminate differential pricing and drive my transportation cost up. Should this be allowed to happen, we would not only drive shippers to financial hardship, but would be a financial burden on our nation's farmers, that they could not afford to face.

Thanks for your attention in this matter, and I would strongly like to ask that you not approve this or other additional major mergers at this time.

Very Respectively Yours,

Dave Reinders

Dave Reinders
General Manager
United Farmers Coop